

STIRLING COUNCIL

MINUTES of MEETING of the AUDIT COMMITTEE held via MICROSOFT TEAMS on THURSDAY 18 JUNE 2020 at 10am

Present

Councillor Neil BENNY (Convener)

Councillor Martin EARL
Councillor Graham LAMBIE
Councillor Alison LAURIE

Councillor Alasdair MAJURY
Councillor Alasdair TOLLEMACHE

Also Present

Councillor Rob Davies
Councillor Jeremy McDonald

In Attendance

Jim Boyle, Chief Officer – Finance
Graham Gibson, Senior Media Officer – External Communications
Charlie Haggerty, Legal Manager - Governance
Kevin Kelman, Chief Operating Officer - People
Drew Leslie, Senior Manager – Infrastructure
Sharon MacFarlane, Analyst, Strategic, Commissioning & Customer Development
Julia McAfee, Chief Officer – Governance (Clerk)
Steven McDermott, Audit Service Manager (Acting)
Isabel McKnight, Chief Operating Officer – Communities & Performance
Sheila McLean, Governance Officer – Governance
George Murphy, Accounting Operations Manager - Finance
Bruce Reekie, Senior Manager – Environment & Place
Mary Love, Committee Officer – Governance (Minutes)
Emma Cameron, Support Officer – Governance

Also Present

Mark Ferris, Audit Scotland, External Auditor
Andrew Wallace, Audit Scotland, External Auditor

Announcement

The Chair wished to pass on his sympathy on the sad news that Kevin O’Kane, Audit Service Manager, had passed away. Kevin was regarded as a fantastic and loyal public servant to this Committee and indeed the Council and the Chair requested that the regards from the full

Committee were passed on to Kevin's family at this very sad time and noted that he would be sadly missed.

AC177 APOLOGIES AND SUBSTITUTIONS

There were no apologies or substitutions.

AC178 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC179 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business.

AC180 ROLLING ACTION LOG

The Rolling Action Log was submitted for review.

Decision

The Audit Committee agreed to note the Rolling Action Log.

The Committee also agreed to note the following:-

AC172 - the task had been delayed due to COVID-19

AC159 - due to the financial impact by COVID-19, Stirling Council Earmarked Reserves would require re-evaluation and relevant information would be contained within the budget report to Council in autumn 2020.

AC181 INTERNAL AUDIT ANNUAL REPORT 2019-20

A report by the Chief Officer – Governance provided the Committee with the Internal Audit Annual Report 2019-20, which included the Audit Manager's 'Opinion for the Annual Governance Statement', and was provided to support the Council's Group Annual Governance Statement incorporated in the draft Annual Accounts to 31 March 2020.

The Internal Audit Annual Report 2019-20 was submitted to the Audit Committee to comply with the requirements of Public Sector Internal Audit Standard 2450 (Overall Opinions) by providing the Committee with an annual report on Internal Audit activity, which was timed to support the preparation of the Council's draft Group Annual Governance Statement.

The Internal Audit Annual Report 2019-20 was attached at Appendix 2, and was submitted to the Audit Committee for information and consideration.

The Acting Audit Service Manager introduced the report and responded to a number of questions from Members.

It was noted that due to an error within the Asset Management Report, the risk findings within Table 1 of the Summary of Key Findings 2019/20, should read 6 High, 41 Medium and 28 Low. It was agreed that these figures would be amended accordingly.

It was also noted that all actions regarding the ICT audit on systems access had been completed.

Discussion took place around the Improvement Action Plan 2020/21 and it was noted that there should be no problems in achieving the target dates set out.

Decision

Committee agreed to:

1. note the Audit Manager's reporting obligations under Public Sector Internal Audit Standard 2450, as set out in Appendix 1;
2. endorse the Internal Audit Annual Report 2019-20, issued by the Audit Manager, and attached at Appendix 2; and
3. note Section 7 of the Report, the 'Opinion for the Annual Governance Statement', which has been prepared to support the Council's Annual Governance Statement, which will be incorporated in the draft Annual Accounts to 31 March 2020.

(Reference: Report by Chief Officer – Governance dated 2 June 2020, submitted)

AC182 DRAFT INTERNAL AUDIT RISK ASSESSMENT & PLAN 2020-21

A report by the Chief Officer – Governance presented the Internal Audit's draft Annual Risk Assessment and Plan, setting out a proposed programme of internal audit work for financial year 2020-21. The draft Plan was attached at Appendix 2 to the report and was submitted for consideration and endorsement by the Audit Committee as required under the Council's Scheme of Delegation.

The draft Plan was finalised in early March 2020, following discussion and consultation with the Chief Executive, Chief Officers, Senior Managers and the external auditor.

The effects of the COVID-19 pandemic on the Council's priorities, operations and front-line service delivery response since mid-March 2020 continued to have an impact, and would continue to do so for the foreseeable future. Those emerging impacts would also have certain implications for aspects of the draft Audit Plan and the work of Internal Audit, which were not yet fully identified. The submitted draft Plan should, therefore, be considered to be an 'interim' Plan at this time.

A further report would be brought to Committee later this year, setting out any significant amendments to the Audit Plan that may require to reflect the anticipated impact of COVID-19, and draw those to the Committee's attention for consideration. This would follow on from further formal consultation that would take place between Internal Audit and senior management during June and July, to identify the impact on the Audit Plan of any changes to resources, risks and priorities for audit activity across all Council services.

The Acting Audit Service Manager introduced the report and responded to a number of questions from Members.

Members noted concern that the City Region Deal was under Reserve Review and highlighted that it was a very important matter for Stirling Council and the people of Stirling. It was noted the risk to the Council of not delivering on the Deal was quite high and suggested that it required to be reviewed in context of any changes within the Risk Register, going forward. The Acting Audit Service Manager confirmed that those reviews listed were priority reviews for the next annual planning year and with the recent appointment of the City Region Deal Senior Manager, it was considered that 2021/22 would be the most appropriate time to review this matter.

Discussion took place around the reporting role of the Data Protection Officer (DPO) and it was confirmed that currently, the DPO reported to the Chief Officer – Governance. Members were advised that the role of DPO was currently being undertaken by Julia Mountford, Solicitor on an interim basis.

It was agreed that clarity would be sought to identify the timing of Internal Audit Review in relation to the review of the Clackmannanshire and Stirling Health & Social Care Partnership Integration Scheme. It was noted that the Internal Audit Review should be carried out by October this year and a report would be presented at Council on 30 June regarding this matter.

Discussion took place around information presented to Members regarding Internal Financial Controls and whether it was received at the right time and in the correct format. It was suggested that it may be helpful to make information more available and clearer for Members, to assure they are receiving the correct information to aid and abet strategic decision making during the review of Internal Financial Controls.

It was also agreed that recommendation 4 of the report should be amended to allow flexibility around the presentation date of the next report to Committee, pending agreement of Committee dates for the remaining two cycles.

Decision

The Audit Committee agreed to:

1. consider the draft annual Internal Audit Risk Assessment and Plan 2020-21, attached at Appendix 2;
2. note that the draft annual Internal Audit Risk Assessment and Plan 2020-21 was considered by the Corporate Management Team on 25 February 2020;
3. endorse the draft annual Internal Audit Risk Assessment and Plan 2020-21, either with or without amendment, as an 'interim' Plan; and
4. receive a further report at the next meeting of the Audit Committee, setting out any significant amendments to the Plan to reflect the anticipated impact of COVID-19 on the work of Internal Audit over remainder of 2020-21, and following on from a further, formal consultation with senior management during June and July 2020, to identify the impact on the Audit Plan of any changes to resources, risks and priorities for audit activity.

(Reference: Report by Chief Officer - Governance dated 2 June 2020, submitted)

AC183 STIRLING COUNCIL DRAFT ACCOUNTS 2019/20

A report by the Chief Officer – Finance presented the key features of the financial position displayed in the 2019/20 draft accounts, which incorporated a brief overview of the General Fund and HRA revenue and capital outturn positions as at 31 March 2020. It also asked the Audit Committee to approve the submission of the draft Stirling Council Accounts 2019/20 to the external auditor, which were attached as Appendix 1 to the report.

The Chief Officer – Finance introduced the report and responded to various questions from Members. Due to Covid-19, reporting timescales had been affected and following discussions between Audit Scotland and Members, it was agreed that a report on the audited Stirling Accounts would be presented to Committee later in the year. It was confirmed that this would not cause any issues.

A detailed discussion took place around various matters within the report and officers provided the relevant responses to Members' questions and agreed the following actions:-

1. General Fund Reserves
Following a query as to why car parking balances had doubled, why no monies had been spent on Discretionary Housing Payments or Homelessness prevention, it was agreed that officers would provide further detailed content regarding the breakdown of General Fund Reserves and this would be circulated to Committee Members.
2. Details of Assets and Liabilities
Breakdown of roads expenditure within Infrastructure Assets total to be circulated to Committee Members.
3. Investment Properties
Breakdown of information regarding 2 Investment Properties to be circulated to Committee Members.
4. Council Vision and Strategic Outcomes
Update on progress of Local Outcomes Improvement Plan (LOIP) to be provided to Committee Members.
5. Council Highlights 2019/20
 - 5.1 Brief note, providing an update on the Smart Cities Programme, to be circulated to Committee Members.
 - 5.2 Climate Emergency Statement to be included in Council Highlights.
6. Elected Members' Registered Interests
Committee Members to be provided with further details regarding the difference between Elected Members' registered interests and those of senior officers, in terms of publication.
7. Capital Outturn 2019/20
More explicit management commentary to be provided going forward.
8. Stirling Climate Emergency Action Plan
Further explanation to be circulated to Committee Members as to why thematic areas are focussed solely on carbon reduction activity.

9. Employees Earning over £50k
More detailed information to be circulated to Committee Members regarding the significant increase in figures from 2018/19 to 2019/20.
10. Severance & Redundancies
Further explanation regarding the Government Actuary's Department (GAD) revised estimate to be circulated to Committee Members.
11. Leases
Clarity to be sought as to why only 2 of the 3 objectives had been reflected in the report.
12. Group Comprehensive Income & Expenditure Statement
Detailed explanation regarding 'Other Operating Income & Expenditure' content to be added to report.

Decision

Committee agreed to:

1. note the General Fund and HRA revenue and capital outturn positions as at 31 March 2020;
2. note the position in terms of the Council's share of the net pension liability of the Local Government Pension Scheme; and
3. approve the submission of the draft accounts to the external auditor.

(Reference: Report by Chief Officer – Finance dated 3 June 2020, submitted)

AC184 COMMON GOOD FUNDS & CHARITABLE TRUSTS DRAFT ACCOUNTS 2019/20

A report by the Chief Officer - Finance report asked that the Audit Committee approve the submission of the draft accounts for audit, and note progress to date on the review of the small charitable trusts, which were attached as Appendices 1, 2 and 3.

It was noted that officers were working with legal colleagues regarding discussions with the Office of the Scottish Charity Regulator (OSCR) to develop proposals and reach an agreement for the reorganisation/transfer of the remaining 10 small charitable trust balances, which would be completed in the near future.

Discussion took place around ways of raising awareness and applications to Stirling Council's Common Good Fund and it was agreed that the Convener would be provided with information around the Civic Panel, in order to write to the Provost to request promoting awareness and funding applications to Stirling Council Common Good Fund through Community Councils

Decision

Committee agreed to:

1. approve the submission of the draft accounts to the external auditor, and
2. note progress to-date on the review of the small charitable trusts.

(Reference: Report by Chief Operating Officer – Finance dated 3 June 2020, submitted)

The Convener declared the Meeting closed at 12.00 noon.